

expedited judicial review and require a reauthorization of the Act after December 31, 2009 or three year sunset, I would have voted yea;

For rollcall 491, on passage of H.R. 6166, the Military Commissions Act, I would have voted nay;

For rollcall 492, on passage of H.R. 5637, the Nonadmitted and Reinsurance Reform Act of 2006, I would have voted yea;

For rollcall 493, on passage of H.R. 6115, the Mark-to-Market Extension Act of 2006, I would have voted yea;

For rollcall 494, on passage of S. 2856, the Financial Services Regulatory Relief Act of 2006, I would have voted yea.

PERSONAL EXPLANATION

Ms. JACKSON-LEE of Texas. Mr. Speaker, because of my attending the funeral of Officer Rodney Joseph Johnson, a Houston Police Department officer who lost his life in the line of duty, I missed the following votes:

Adjournment resolution, rollcall vote 487, if I had been present, I would have voted "no"; the previous question, rollcall vote No. 488, if I had been present, I would have voted "no"; H. Res. 1042, the rule regarding the military commissions resolution, rollcall vote 489, if I had been present, I would have voted "no"; on the motion to recommit, the Skelton motion that would establish a process for expedited judicial review and require reauthorization of the act after December 31, 2009, rollcall vote 490, I would have voted "aye"; rollcall vote 491, final passage of H.R. 6166, the Military Commissions Act, I would have voted "no."

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken tomorrow.

FHA MULTIFAMILY LOAN LIMIT ADJUSTMENT ACT OF 2006

Mr. GARY G. MILLER of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5503) to amend the National Housing Act to increase the mortgage amount limits applicable to FHA mortgage insurance for multifamily housing located in high-cost areas.

The Clerk read as follows:

H.R. 5503

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "FHA Multifamily Loan Limit Adjustment Act of 2006".

SEC. 2. MULTIFAMILY HOUSING MORTGAGE LIMITS IN HIGH COST AREAS.

The National Housing Act is amended—

(1) in sections 207(c)(3), 213(b)(2)(B)(i), 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B), and 234(e)(3)(B) (12 U.S.C. 1713(c)(3), 1715e(b)(2)(B)(i), 1715l(d)(3)(ii)(II), 1715l(d)(4)(ii)(II), 1715v(c)(2)(B), and 1715y(e)(3)(B))—

(A) by striking "140 percent" each place such term appears and inserting "170 percent"; and

(B) by striking "170 percent in high cost areas" each time place such term appears and inserting "215 percent in high cost areas"; and

(2) in section 220(d)(3)(B)(iii)(III) (12 U.S.C. 1715k(d)(3)(B)(iii)(III)) by striking "206A" and all that follows through "project-by-project basis" and inserting the following: "206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. GARY G. MILLER) and the gentlewoman from California (Ms. WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from California.

GENERAL LEAVE

Mr. GARY G. MILLER of California. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore (Mrs. MCMORRIS RODGERS). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GARY G. MILLER of California. Madam Speaker, I yield myself such time as I may consume.

This legislation is critical to increasing the availability of affordable rental housing in this country.

I would like to thank my good friend BARNEY FRANK. He has worked with me to introduce this important bill. And I really want to thank the Financial Services Committee chairman, MIKE OXLEY. He has worked diligently through this process to get the process completed in committee so that the bill could be heard tonight.

When it comes to high-cost markets where land and construction costs are significantly higher than other areas of the country, there is no question that the FHA multifamily mortgage insurance limits are not keeping pace. The slowdown in affordable rental housing production has resulted in a significant gap between the demand and supply of affordable rental housing. This is a problem we have come together to solve tonight.

Through its numerous multifamily housing programs, HUD is a primary partner in the development of affordable rental housing. FHA provides mortgage insurance to HUD-approved lenders to facilitate the construction, substantial rehabilitation, purchase, and refinancing of multifamily housing projects and health care facilities. Mortgage insurance covers a lender if a

borrower defaults on the insured loan. The FHA multifamily program is particularly important in serving the housing needs of low- and moderate-income families.

In our most expensive cities, it is very difficult for these families to find affordable rental housing in the communities where they work. Today, many public servants throughout this country, police officers, firefighters, and teachers, are not able to live in the communities in which they serve. Some commute an hour or more to get to work every day. What happens if there is a natural disaster? How will the first responders get to those in need in time if they live an hour or more away from where they work?

If Congress does not act to promote the development of affordable rental units, the housing situation in high-cost areas will continue to worsen and the housing needs for those who serve our communities and keep them safe will continue to be overlooked. Developers are simply unable to provide affordable housing units in high-cost areas because the current statutory limits for FHA mortgage insurance are unrealistically low. While Congress increased the limits of 2003, construction costs have accelerated to such heights in high-cost areas that the limits need to be increased again in order to allow affordable, low- and moderate-income rental units to be built in places like California and New York and cities such as Boston.

While FHA multifamily loan limits were increased in 2003, there were only a total of six FHA-insured multifamily loans for new construction or substantial rehabilitation approved in California in fiscal years 2004 and 2005 because of the loan limit. For the same time frame in the State of New York, only eight multifamily projects were approved by FHA. In Massachusetts only five projects were approved, and in New Jersey not a single new construction or rehabilitation project was approved through FHA.

This bill establishes a mechanism for addressing the need for new construction or substantial rehabilitation of rental units in extremely high-cost areas throughout this country. Under this bill, the multifamily loan limits in high-cost areas would increase to 170 percent above the base limit. The Secretary of HUD would have the discretion to increase the limits to 215 percent on a case-by-case or project-by-project basis.

It is important to point out that there is no private sector alternative to this program. The market served by FHA multifamily insurance does not overlap the competitive private interests. The FHA multifamily mortgage insurance program has worked with private sector partners to expand the supply of rental housing for over 65 years. This public/private partnership has leveraged more than \$100 billion of private sector investment to provide rental housing for working families and elderly throughout this country.

In addition, the FHA program and this increase pays for itself. In fact, the program actually has a positive budgetary impact. That means this project actually makes money for the Federal Government.

For example, according to CBO, in 2002 FHA insured about \$5 billion in loans for multifamily projects. The budgetary impact of these guarantees was accorded as discretionary savings of about \$20 million. That means that the Federal Government made \$20 million just by insuring these loans. CBO estimates that this bill would bring in \$15 million in 2007 and \$75 million between the 2007–2011 period. That means in those years alone, the Federal Government will make \$75 million just by working on these programs.

Further, let me point out that if we do not pass legislation to promote the availability of affordable rental housing, our waiting lists for public housing will continue to grow. Despite drastic funding increases in section 8, waiting lists continue to grow across this Nation. In some cities, such as those in Southern California, families who sign up on a waiting list today will not receive an apartment for another 10 years.

This bill is a step in the direction of reducing dependency on government programs by providing a move-up market for affordable rental units.

In closing, it is important to note that we are not giving grants. We are not doing something that is going to lose money for any congressional district, because this bill does not take away money from low-cost areas. This bill, basically with the FHA mortgage insurance program, provides a critically needed financing source for affordable rental housing. It is important that this program be usable in areas that are experiencing a severe shortage of affordable units and rising development costs.

I want to conclude by saying this is not a giveaway program. This is a program that is an assistance to the private sector and a program that actually makes money for the private sector and through the government.

Madam Speaker, I reserve the balance of my time.

Ms. WATERS. Madam Speaker, I yield myself such time as I may consume.

(Ms. WATERS asked and was given permission to revise and extend her remarks and include extraneous material.)

Ms. WATERS. Madam Speaker, I rise in support of H.R. 5503, the FHA Multifamily Loan Limit Adjustment Act. And I want to thank the sponsor of the bill, the gentleman from California (Mr. GARY G. MILLER). I also want to thank the ranking member of the Committee on Financial Services, Mr. FRANK, a sponsor of the bill; and our distinguished chairman, Mr. OXLEY, for moving this legislation to the floor.

This is yet another example of the progress that we as members of the

Committee on Financial Services have made on housing matters. In committee we have passed many housing bills that are waiting consideration by the House, and I am privileged to have supported this bill and other legislation because it begins to address the affordable housing crisis that we confront in America.

This bill is important to maintaining, as well as to increasing, the Nation's rental and affordable housing stock. FHA multifamily insurance products will remain available to assist projects for families with incomes from 80 percent to 150 percent of the median income. These are the people who really need our help. The bill will increase the loan limits for FHA-insured multifamily products in high-cost areas, where the FHA loan limits are no longer relevant in places like my district of Los Angeles, California. It is estimated to cost \$146,240 per unit to build a 42-unit two-bedroom development in Los Angeles or approximately \$6,142,069. In New York City and San Francisco, these projects are even more expensive, anywhere from \$167,000 to \$180,000 per unit.

This has had devastating effects on the construction of affordable housing projects in my district and elsewhere in the country, particularly as land and construction costs skyrocketed over the past few years.

In 2005 FHA insured a total of six multifamily projects in California. New York fared no better, as only eight projects were built in the same year. Of course, I am not surprised by this trend. But it must be reversed because of the large numbers of persons seeking affordable rental housing in this country, many of whom are working families with children, the elderly, and the disabled.

We all know that the affordable housing crisis has been exacerbated nationally since nearly 170,000 units of housing were lost last year in New Orleans alone as a result of the hurricanes that struck the gulf region. People of New Orleans and elsewhere in the gulf region are desperate for housing, which makes this legislation even more important. Very little, if any, multifamily rental housing has been constructed since the storms. Madam Speaker, I hope this bill reverses this situation.

H.R. 5503 will allow HUD to increase multifamily loan limits in expensive areas to 170 percent above the base limit, while giving the Secretary of HUD the discretion to increase the limit to 215 percent on a case-by-case basis. Because there are approximately 100 areas in the country that would be characterized as high-cost areas, this bill recognizes the reality of multifamily housing construction in this country. It just disappeared. Without these changes to the loan limits, it will remain impossible for developers, both for-profit and nonprofit, to develop any affordable housing units. The current loan limits can actually be attributed

in part to the shortage of affordable housing units, particularly in high-cost areas of the country.

Now, as most of you know, there are no real alternatives in the private market to FHA mortgage insurance that assist families at 80 to 150 percent of the area median income. This is compounded by the fact that section 8 units are not available in these markets. The waiting lists for section 8 have not disappeared, and in Los Angeles there are more than 100,000 persons waiting for section 8 assistance. Other areas of the country, such as New York, Seattle and Philadelphia, are in the same predicament as Los Angeles.

Of course, this phenomenon is not limited to large urban areas. It is already affecting other areas of the country as populations grow and residents seek housing outside of the cities. Nearly 3.7 million people live in the City of Los Angeles, but 9.5 million live in the Los Angeles County area. From my vantage point, there is a real housing crisis across America.

On its face, this does not appear to be as important a measure as some other housing bills that this House has considered to date. But I contend that this is one of the most important housing bills that we will consider before the end of this session.

I, therefore, urge my colleagues to support this bill. It is a foolproof means of averting a national crisis in affordable housing.

Madam Speaker, I reserve the balance of my time.

Mr. GARY G. MILLER of California. Madam Speaker, I have no further requests for time, and I reserve the balance of my time.

Ms. WATERS. Madam Speaker, I yield 1 minute to the gentlewoman from California (Ms. ZOE LOFGREN).

Ms. ZOE LOFGREN of California. Madam Speaker, this is a day I have waited for for a long time, and I really want to commend the author, the ranking member, Ms. WATERS, and all of the committee for bringing this bill before us.

I come from a county where the median price of a single-family home is almost \$800,000, where 800-foot condos sell for about \$500,000. As you might imagine, the FHA program simply does not work and hasn't for a long time.

Recently, there was an analysis done in California. Factoring in housing costs, California has one of the poorest populations of the 50 States, and this measure is going to help tremendously for normal working families to have an opportunity to get that piece of the American Dream. And I really am very pleased that it is here today. I think I have asked Mr. FRANK on a weekly basis when this is going to be done, and I really commend you for moving this forward and I understand there is a significant chance the Senate will do so as well. It is very important.

I thank the gentlewoman for yielding.

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Ms. WATERS. Madam Speaker, I will insert in the RECORD a letter in support of H.R. 5503 sent to Members of the House by five housing and real estate associations.

Madam Speaker, in closing, and before I yield back my time, I would just like to say I do not know if I will have the opportunity to be on the floor with many of my colleagues from our committee before the close of the session.

But I first want to say how appreciative I am to the chairman of our committee, Mr. OXLEY, for the leadership that he has provided, for his sense of fairness, and for his sense of what it takes to get both sides of the aisle working together. He has done a magnificent and tremendous job.

Madam Speaker, I also want to thank someone who is not here. It is unfortunate, because I have worked closely with Mr. NEY, and he has done a wonderful job in helping to move these housing bills to the point that we see them today.

I would like to thank all of the other members of the committee just in case we do not have an opportunity to be on the floor again on any more of those bills.

JULY 25, 2006.

DEAR REPRESENTATIVE: On behalf of the membership of our associations who represent the home buying, home building, and home financing industries, we are writing in support of H.R. 5503, FHA Multifamily Loan Limit Adjustment Act of 2006, legislation to increase the Federal Housing Administration (FHA) multifamily loan limits in high-cost areas. Over the past several years, Congress and the Administration have taken steps to update the FHA multifamily loan limits. However, despite these efforts, the current maximum FHA multifamily mortgage limits are inadequate and continue to constrain new construction and rehabilitation in many urban and suburban areas, where construction costs are significantly higher than in the rest of the country.

The FHA's multifamily mortgage insurance programs enable qualified borrowers to obtain long-term, fixed-rate financing for a variety of multifamily properties that are affordable to low- and moderate-income families. This public/private partnership has resulted in a successful program providing housing for a portion of the population not usually served by private industry alone. In addition to serving a valuable purpose, recent analysis by HUD and OMB indicate that virtually all of the FHA multifamily insurance programs operate on a break-even basis or raise revenue for the government.

Without higher FHA multifamily loan limits in high-cost markets, critical housing needs will go unmet. Those who will be most affected will include low- and moderate-income families, including important community service providers such as teachers, firefighters, and police officers. By increasing the maximum loan limit for FHA's multifamily programs, these programs can help provide the housing opportunities necessary for the economic and social well being of our nation. We applaud efforts to increase the availability of affordable housing in our nation's high-cost areas.

Institute of Real Estate Management.
Mortgage Bankers Association.
National Association of Home Builders.
National Association of Mortgage Brokers.

National Association of Realtors.

Madam Speaker, I yield back the balance of my time.

Mr. GARY G. MILLER of California. Madam Speaker, I yield myself the balance of our time.

Madam Speaker, I want to once again thank my good friend, BARNEY FRANK. He worked with me in introducing this legislation. We worked it through the system. It is before us today.

I would also like to thank a very good chairman of the Financial Services Committee, MIKE OXLEY. He had a vision when he took over the committee. He worked diligently to accomplish that vision. I wish him the best in his retirement. I know we are going to miss him next year when the committee starts again.

Ms. LEE. Madam Speaker, I rise in strong support of H.R. 5503, the FHA Multifamily Loan Limit Adjustment Act of 2006.

This bipartisan bill will allow the FHA program to keep up with the skyrocketing boom in housing prices—particularly in areas like my district in California, where the average price of a home is nearly \$600,000.

The FHA program has provided homeownership opportunities to millions of Americans who have been deemed high-risk or struggled to save down payment costs.

Many residents in high-cost states like California are unable to tap into FHA's homeownership programs.

In 2005, FHA only insured 5,000 loans in California because housing cost were too high for the FHA's low loan limit.

Madam Speaker, there are hundreds, if not thousands, of eligible renters who want to be homeowners. We must work with HUD to ensure that they are not locked out of the housing market.

I applaud Congressman MILLER, Congresswoman WATERS, Ranking Member FRANK and all the members who have worked together to make this bill and the dream of homeownership a reality.

I ask my colleagues to support H.R. 5503. Mr. GARY G. MILLER of California. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. GARY G. MILLER) that the House suspend the rules and pass the bill, H.R. 5503.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

HEDGE FUND STUDY ACT

Mr. GARRETT of New Jersey. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 6079) to require the President's Working Group on Financial Markets to conduct a study on the hedge fund industry, as amended.

The Clerk read as follows:

H.R. 6079

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Hedge Fund Study Act".

SEC. 2. STUDY AND REPORT ON HEDGE FUND INDUSTRY.

(a) STUDY.—The President's Working Group on Financial Markets shall conduct a study of the hedge fund industry. The study shall include an analysis of—

- (1) the changing nature of hedge funds and what characteristics define a hedge fund;
- (2) the growth of hedge funds within financial markets;
- (3) the growth of pension funds investing in hedge funds;
- (4) whether hedge fund investors are able to protect themselves adequately from the risk associated with their investments;
- (5) whether hedge fund leverage is effectively constrained;
- (6) the potential risks hedge fund pose to financial markets or to investors;
- (7) various international approaches to the regulation of hedge funds; and
- (8) the benefits of the hedge fund industry to the economy and the markets.

(b) REPORT AND RECOMMENDATIONS.—Not later than 180 days after the date of enactment of this Act, the President's Working Group on Financial Markets shall submit a report on its findings to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate. The report shall include recommendations, including—

- (1) any proposed legislation relating to appropriate disclosure requirements for hedge funds;
- (2) the type of information hedge funds should disclose to regulators and to the public;
- (3) any efforts the hedge fund industry or regulators of financial institutions should undertake to improve practices or provide examples of successful industry initiatives; and
- (4) any oversight responsibilities that members of the President's Working Group should have over the hedge fund industry, and the degree and scope of such oversight.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Massachusetts (Mr. FRANK) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT of New Jersey. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT of New Jersey. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, before I begin, I would first like to wish my friend and colleague and the chief sponsor of this legislation, Congressman MIKE CASTLE, a very speedy recovery. Our thoughts and prayers are with him and his family, and we hope to see him back here on the floor soon.

I also, Madam Speaker, wish to take this time to thank both Chairman